

# American Recovery and Reinvestment Act



## CHALLENGES OF MANAGING, OVERSEEING, AND AUDITING

OSLO, NORWAY

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# Management Challenges & Opportunities

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- ❖ Background - American Recovery and Reinvestment Act (ARRA) of 2009
  - Purpose
  - NSF Funding
  - Investment Highlights
- ❖ Implementation
  - Funding Prioritization
  - Special Award Conditions
- ❖ Monitoring and Follow-up
  - Compliance and Quality Assurance
  - Recipient Reporting
- ❖ Lessons Learned

# Purpose

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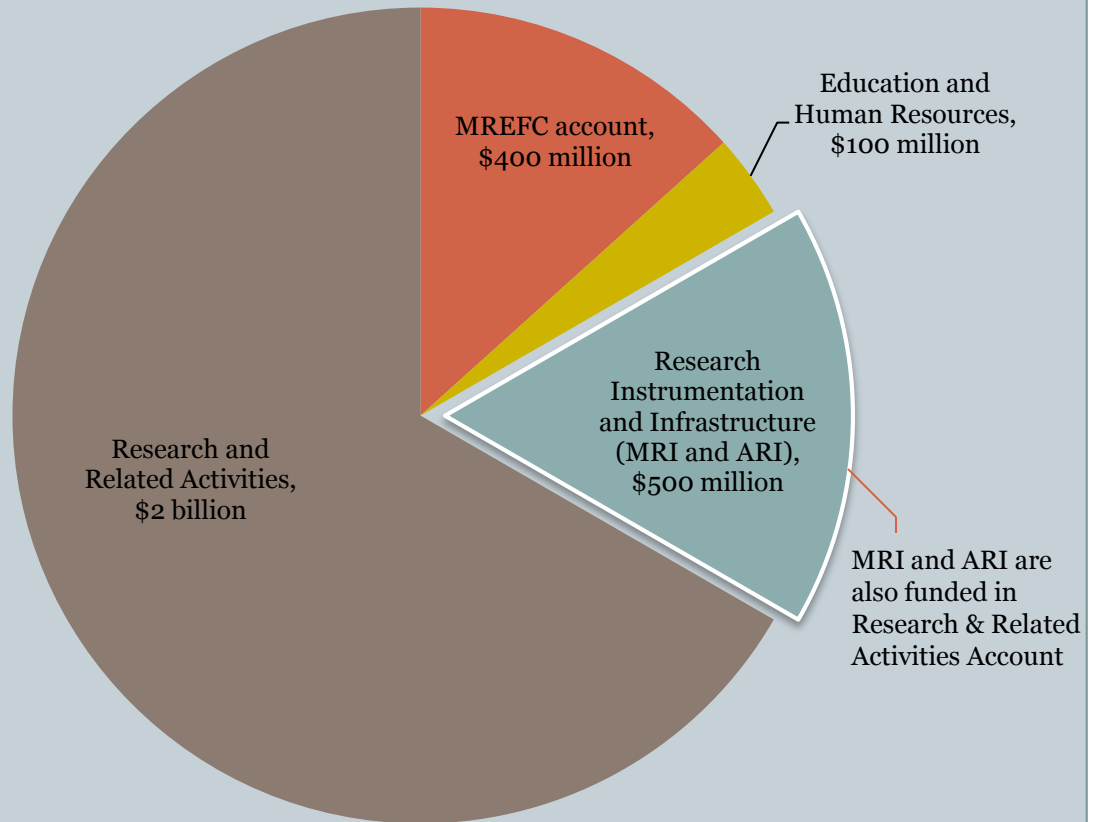
- ❖ Signed by President Obama on February 17, 2009
- ❖ Create new jobs and save existing ones
- ❖ Spur economic activity and invest in long-term economic growth
- ❖ Mandates unprecedented levels of transparency and accountability; NSF continues to adapt accounting, financial management, risk management, and program evaluation processes to meet challenge
- ❖ Higher scrutiny from:
  - Administration
  - Congress
  - Public
  - Recovery Act Accountability & Transparency Board
  - NSF Office of the Inspector General (OIG)

# NSF Funding

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- ❖ NSF received \$3 billion in ARRA funding
  - \$2 billion was dedicated to research and related activities for proposals already in house that were reviewed and/or awarded prior to September 30, 2009
  - \$1 billion is dedicated as specified in ARRA
- ❖ NSF's regular FY09 appropriation was about \$6 billion
- ❖ No extra funds were given for administration of ARRA; except for OIG appropriation

## Breakdown of ARRA Appropriation



# Investment Highlights

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- ❖ Academic Research Infrastructure \$200 million
- ❖ Major Research Instrumentation \$300 million

- ❖ Robert Noyce Teacher Scholarships \$60 million
- ❖ Math and Science Partnerships \$25 million
- ❖ Science Masters Program \$15 million

- ❖ Alaska Region Research Vessel \$148 million
- ❖ Ocean Observatories Initiative \$106 million
- ❖ Advanced Technology Solar Telescope \$146 million

# Funding Priorities

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- ❖ Awarded Recovery Act funds in a timely manner. NSF made 4,889 awards for over \$2.6B by March 31, 2010 (4,677 issued by 9/30/09).
- ❖ Issued all grants as standard grants with durations of up to five years.
- ❖ Funding of new Principal Investigators and high-risk, high-return research were top priorities.
- ❖ Majority of eligible proposals were already in-house. Only four ARRA-specific solicitations were released.
- ❖ Considered proposals declined on or after October 1, 2008, and made 318 awards from this pool.

# Special Award Conditions

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- ❖ Identification that funding comes from ARRA.
- ❖ Notice that funding should be considered one-time funding.
- ❖ Stipulate quarterly reporting: Within 10 days following the end of each quarter, the recipient must report in accordance with Section 1512c of the Act.
- ❖ Mandate that funds be separately tracked and monitored independently of non-ARRA funding.
- ❖ Notify recipient that NSF monitors ARRA funds, and, if, after 12 months, no allowable expenditures have been incurred, NSF considers reducing or terminating the award and reallocating the funds.
- ❖ Additional award terms can be added for certain programs.

# Compliance & Quality Assurance

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## **Senior Accountability Officer:**

- Responsibility & authority

## **Steering Committee:**

- Accountability for achieving goals and mitigating risk

## **Tiger Teams:**

- Implement policies and business processes



# Recipient Reporting

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- ❖ Recipient Reporting Tiger Team developed a multi-stage review protocol that spans the quarter and includes FederalReporting.gov screening, data screening, program officer sampling review, and expenditure review
- ❖ NSF Recipient Outreach activities: development of recipient guidance and tools, presentations at conferences and communications with Sponsored Project Offices

**NSF Guidance**  
**<http://nsf.gov/recovery/reporting.jsp>**

# Recipient Reporting - Key Quarterly Results

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## Quarter Ending 9/30/2009

- Recipient Reporting Compliance rate was 98%
  - Total of 107 out of 4,502 did not report
- No uncorrected significant errors and 100% accuracy rate
- Responded to six data calls from OMB and Recovery Board

## Quarter Ending 12/31/2009

- Recipient Reporting Compliance rate was 99.7%
  - Total of 14 out of 4,535 did not report
  - 7 two time non-reporters
- One uncorrected significant error and 99.9% accuracy rate
- Responded to nine data calls from OMB and Recovery Board

## Quarter Ending 3/31/2010

- Recipient reporting compliance rate was 99.5%
  - Total of 25 out of 4,626 awards did not report
  - Only 2 two-time non reporters
- Significant error and data call info. will be available later in the quarter

*Government-wide compliance rate average of 98.4% for quarter ending 12/31/09*

# Lessons Learned

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- ❖ Tiger Team Model
  - Useful for staff engagement
  - Valuable for operations and oversight to work together
  - Supports transparency
- ❖ Interagency working groups enhanced communications
- ❖ Communications and feedback from grantees critical to success
- ❖ Increased oversight requirements are having a significant impact on resources including the sustainability of staff effort. For example, agencies are expending considerable resources to ensure the quality and timeliness of the quarterly recipient reporting.

# Oversight for ARRA

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- **Offices of Inspector General**
  - From 28 agencies receiving ARRA funds
  - \$252.75 million in ARRA funding total
- **Recovery Accountability and Transparency Board**
  - \$84 million in funding
  - Responsible for Recovery.gov
  - Provide transparency and prevent and detect fraud, waste, and mismanagement
- **Office of Management and Budget**
  - Develops implementing regulations
  - Reviews and approves agency ARRA spending and management plans
- **Government Accountability Office**
  - \$25 million in ARRA funds
  - Conducts bi-monthly reviews of how ARRA funds are being used by selected state and local governments

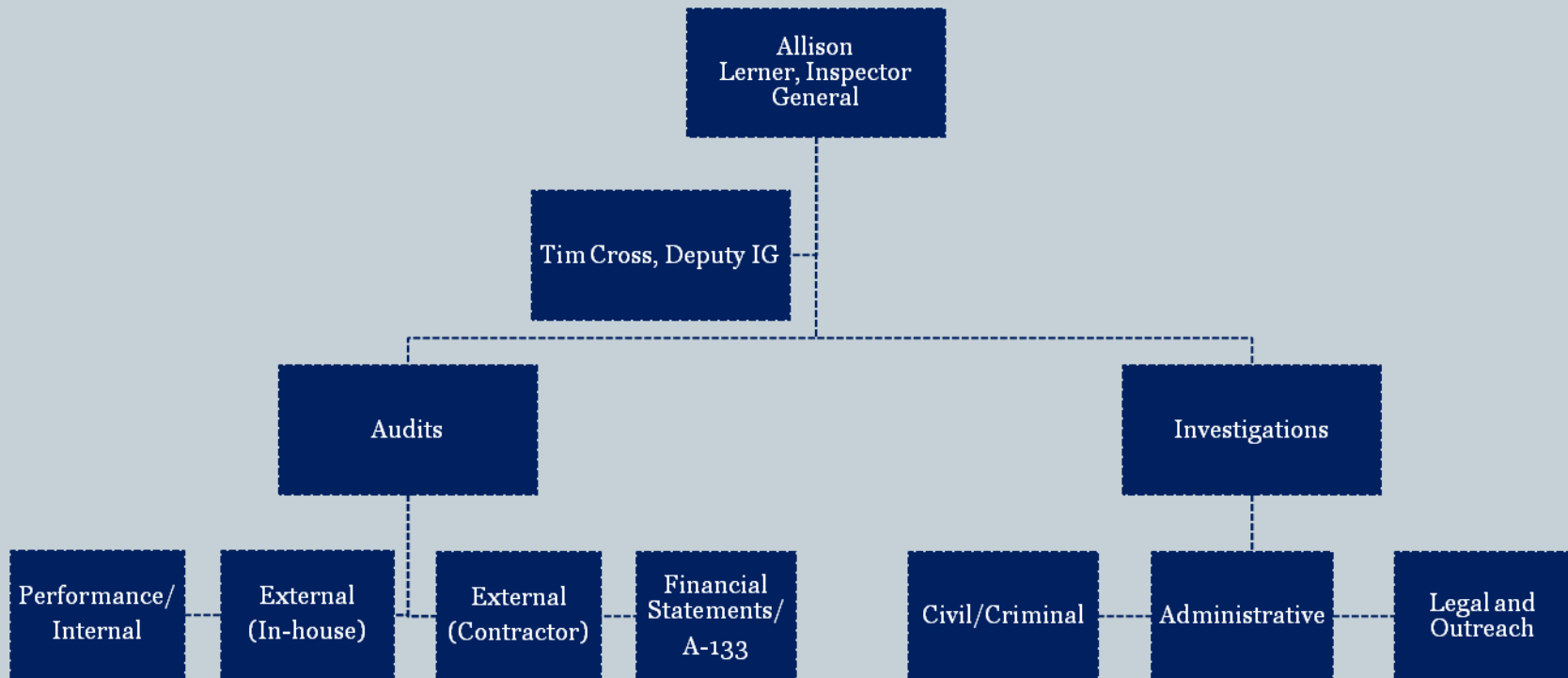
# NSF Office of Inspector General

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- \$2 million in ARRA funding through 2013
- Audit
  - NSF's ARRA programs and plans
  - Awardees' use of ARRA funds
- Investigations
  - Increased whistleblower protections
  - Fraud or mismanagement of ARRA funds

# NSF OIG Organization

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# Auditing Approach to ARRA

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- PROACTIVE
- Phased approach
  - Inward –
    - ✦ Side-by-side reviews
    - ✦ NSF programs and plans
  - Inward/Outward
    - ✦ Follow-up on first phase work
    - ✦ Oversight
    - ✦ Capacity/capability reviews of grantees
  - Outward
    - ✦ Traditional audits
- Relationship building

# Investigations and ARRA

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- RATB and OIGs have received **2093** complaints of wrong-doing associated with ARRA funds\*
  - **195** have triggered active investigations
  - **64** cases have been closed without action
- We are working proactively on fraud issues
- ARRA awardees must report to OIG “any credible evidence” of wrongdoing
  - We investigate all allegations of wrongdoing
- Whistleblower protections
  - Awardees prohibited from retaliating against whistleblowers
  - Awardees must post notice for employees of their rights
  - OIG will investigate allegations of retaliation and refer for prosecution

\* Data from Recovery.gov as of February 28, 2010.



# Shifting Paradigm

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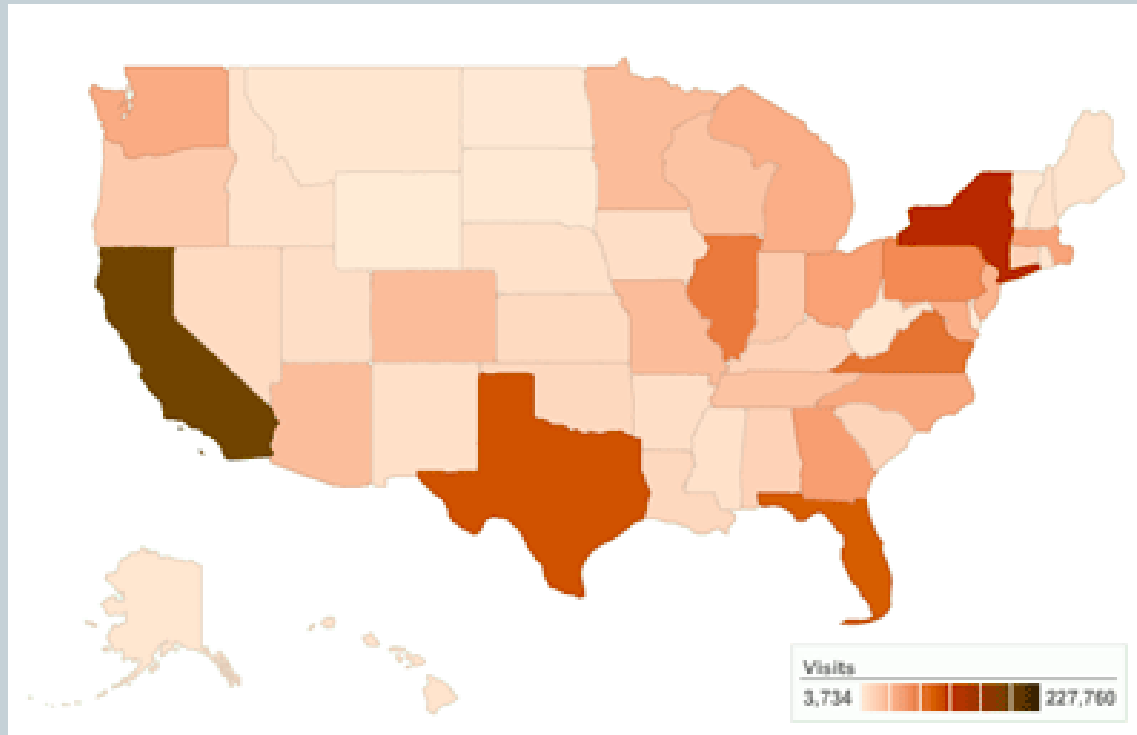
- ARRA has changed the landscape of federal funding to increase accountability and transparency
- “We are, in essence, deputizing the entire American citizenry to help with the oversight of this program” (Rep. Brad Miller, Chairman of the House Committee on Science and Technology's subcommittee on investigations and oversight)\*

\* Curl, Joseph. “Stimulus Oversight Left Up to Taxpayers.” Washington Times, May 6, 2009.

# Public Interest in Transparency

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## Recovery.gov Website Visitors by State



Recovery.gov gets about 1.5 million page views per month.

# The Future of Transparency and Accountability

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- On April 6, 2010, the Executive Office of the President released a memo to agencies on federal spending transparency. This memo:
  - “Build(s) on the achievements of and the lessons learned from implementing the American Recovery and Reinvestment Act, toward further instilling a culture of transparency in federal spending.”
  - States that “full and easy access to information on government spending promotes accountability by allowing detailed tracking and analysis of the deployment of government resources.”
  - Acknowledges the role of transparency in giving the public “confidence that we are properly managing its funds.”

# Open Government Directive

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- Issued by the White House on December 8, 2009
- Directs Federal agencies to take specific actions to implement three principles of:
  - **TRANSPARENCY**
  - **PARTICIPATION**
  - **COLLABORATION**

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[www.nsf.gov](http://www.nsf.gov)

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